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# Republican Policy Committee

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## *Ethics Is This Administration's Achilles Heel*

### The Clinton Hall of Shame

*"Clinton, in his first official act as President, signed an executive order establishing the most stringent ethical requirements of any administration ever. . . . 'The ethics rules we have put forward,' said the president, 'will guarantee that the members of this administration will be looking out for the American people and not for themselves.'"*

— U.S. Newswire, 1/21/93

During the 1980s, Congresswoman Pat Schroeder periodically published a list of officials in the Reagan and Bush Administrations who, in her estimation, were "under a cloud for alleged wrongdoing or unethical behavior." Designated the "Dishonor Roll," Rep. Schroeder's list was compiled at taxpayer's expense by House staff, with new editions advertised in the *Congressional Record*. The Congresswoman's apparent interest in Executive Branch ethics along with publication of the "Dishonor Roll" both came to an abrupt halt with the Clinton Administration's accession to power in 1993.

However, in the spirit of increased privatization, as well as public accountability, the effort begun by Rep. Schroeder marches on — but with private, not public, funds. The increasingly threadbare Clinton ethics record is voluminously documented in *Schroeder's List of Clinton Officials and Friends under a Cloud*, published by a private research and consulting firm. Upon reviewing the *List's* alphabetized rogues' gallery of 70 Friends-of-Bill, it is clear that Whitewater is hardly the only scandal dogging this Administration. Among the lowlights:

- **Roger C. Altman, Deputy Treasury Secretary** (misled Congress, resigned). Altman had served as the acting director of the Resolution Trust Corporation, the agency investigating Madison Guaranty, a Whitewater-connected S&L. In August 1994, after misrepresenting to Congress his discussions of the investigation with White House officials, Altman resigned his post at Treasury but remained in the White House as an unpaid adviser.
- **Zoe Baird, Attorney General Nominee** (hired illegal alien, failed to pay taxes). Soon after President Clinton named Baird, a \$500,000-a-year corporate attorney, to the nation's top law enforcement job, it was learned that she had hired illegal immigrants to perform domestic work for her. Furthermore, she had not paid Social Security taxes on their wages. She was appointed to the Foreign Intelligence Advisory Board by President Clinton in October 1993.

- **Henry G. Cisneros, Secretary of Housing and Urban Development** (under investigation by court-appointed counsel for lying to the FBI). During his FBI background investigation for appointment as HUD secretary, Cisneros admitted payments to a former mistress. However, it was later revealed that his payments were so much higher than those averred, that the discrepancy was likely to have been deliberate concealment rather than an honest underestimation.
- **Mike Espy, Secretary of Agriculture** (under investigation for taking illegal gifts, resigned). Espy took illegal gratuities from companies subject to Agriculture Department regulation, including use of aircraft, lodging, tickets to sports events, and use of an automobile. In addition, one such company gave Espy's girlfriend \$1,200 in the form of a "scholarship." Espy left the top Agriculture post in December 1994.
- **Raymond Flynn, U.S. Ambassador to the Vatican** (ordered to repay \$12,500 for improper use of campaign funds and to pay \$10,000 in fines). Following a two-year investigation into his illegal use of campaign funds — including use of \$2,400 to pay expenses for a trip to Disney World, which was disguised as payment to a campaign worker — Flynn agreed to repay \$12,500 and the payment of a "civil forfeiture" of \$10,000.
- **David L. Hale, Owner of Capital-Management Services** (pleaded guilty to felony). Hale and accomplices fraudulently obtained \$900,000 in funds from the Small Business Administration. He then used the SBA funds to make loans to political figures in Arkansas, including one to Clinton crony Susan McDougal. According to Hale, who is cooperating with the Whitewater investigation pursuant to his guilty plea, the loan to McDougal was made at the urging of then-Governor Bill Clinton.
- **Webster Hubbell, Associate Attorney General** (sentenced to 21 months in jail for mail fraud and tax evasion). A former partner (with Hillary Clinton) at the Rose Law Firm, Hubbell submitted hundreds of false bills for legal services, defrauding clients — including the federal government — and Rose partners of some \$394,000. Pleading guilty in December 1994, Hubbell was sentenced to prison, plus a restitution payment of \$135,000 to the Rose firm.
- **William Kennedy, Associate White House Counsel** (failed to pay Social Security taxes, resigned). Ironically, Kennedy's job at the White House was to pass on the ethics qualifications of Administration appointees. Concerned about the Zoe Baird revelations on the non-payment of nanny taxes, Kennedy attempted to pay some two years of unpaid Social Security taxes on his household help using his wife's maiden name. He resigned in November 1994.
- **Bernard Nussbaum, White House Counsel** (accused of improper contacts with Whitewater investigators, resigned). Nussbaum was involved in improper meetings with officials investigating Madison Guaranty, the failed S&L related to Whitewater. In

March 1994, he resigned his White House position, the day before he was subpoenaed by the Whitewater special prosecutor to testify regarding these contacts.

- **Hazel O'Leary, Secretary of Energy** (huge, undocumented travel expenses, study rating reporters' coverage of department). O'Leary has run up unprecedented expenses for travel and luxury hotel accommodations — with costs as much as 90 percent higher than those incurred by other Cabinet officers. These include a \$1 million trip to South Africa and a \$730,000 trip to India. She also spent some \$46,500 of Energy Department funds to rate reporters' favorable or unfavorable coverage of her department. She remains on the job.
- **David Watkins, White House Director of Administration** (misused presidential helicopter, campaign funds used to settle sexual harassment suit, resigned but kept on retainer). Watkins used the presidential helicopter, with a second helicopter in escort, to fly to and from a round of golf at a Maryland club, with a cost to the taxpayers of \$13,129. When the matter became public, Watkins stated he would pay full reimbursement; he resigned from the White House staff six weeks later but was retained on a \$3,000-a-month retainer by the Clinton campaign. In addition, the Clinton campaign illegally used \$37,500 in campaign funds to settle a sexual harassment allegations made against Watkins by a worker on the 1992 Clinton presidential campaign. When the payment came to the attention of the Federal Elections Commission, the portion of the payment derived from Federal matching funds (\$9,675) had to be returned. Watkins is also under investigation in the "Travelgate" affair.

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